



GRAIN TRANSPORTATION REPORT

Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

JANUARY 14, 2003

<u>TM GRAIN TRANSPORT COST INDICATORS</u>	<u>Truck</u>	<u>Rail</u>	<u>Barge</u>	<u>Ocean</u>	
				<u>Gulf</u>	<u>PNW</u>
Indicator Value* for 01/14	99	98	132	122	145
Compared to Last Week	↓	↓	↑	↑	↑
<i>*Indicator: Base Year 2000=100; Cost Data, Weekly Updates include Truck=Diesel, Rail=Nearby Secondary Rail Market; Barge=Spot Illinois River Basis; Ocean Vessel, based on Routes to Japan</i>					

USDA's Outlook Forum Addresses Transportation Issues

USDA's Agricultural Outlook Forum 2003 will be presented at the Crystal Gateway Marriott in Arlington, Virginia on February 20-21. Barbara Robinson, Deputy Administrator, Transportation and Marketing Programs, AMS/USDA, will moderate a session "The Effects of Transportation on the Competitiveness of U.S. Agriculture" on February 20 at 3:45-5:30 p.m. Below is a brief overview of the session topics and their presenters. For complete details, go to www.usda.gov/oce or email agforum@usda.gov.

Transportation's Role in Competing in the Global Market. Bill Motes, Senior Vice President of Sparks Companies, Inc. (Sparks), will address where the U.S. stands in relation to other countries in infrastructure development, including transportation, handling facilities and processing plants. USDA, grain producers and grain shippers are concerned that the U.S. is lagging behind other countries and will not be able to provide efficient low-cost transportation in order to compete in competitive world markets. For more information about Sparks, go to www.sparksco.com.

Transportation Capacity Issues on the Upper Mississippi and Illinois River Systems. Chris Brescia of Mid-West Area River Coalition 2000 (MARC2000) will present the importance of the inland waterways and the costs and need to replace lock and dams in the Upper Mississippi and Illinois River systems. Information about the organization and its contributions can be found at www.marc2000.org.

Rail Services and Capacity Effects. Gene Griffin, Director of the Upper Great Plains Transportation Institute (UGPTI), North Dakota State University, will speak on the efficiency and effectiveness of using railroads as an alternative to barges to transport bulk agricultural products long distances. Go to www.ugpti.org for more information about the Institute.

Intermodal Connectivity and Bottlenecks. Barry Prentice, Director of The University of Manitoba's Transportation Institute, will present issues that include the increased number of bottlenecks, how bottlenecks prevent efficient intermodal transportation, why bottlenecks need to be removed, their cost to the agricultural community and how they can be eliminated. Go to www.umanitoba.ca for more information about the Institute.

New Truck Security Rules To Focus on Food, Animal Feed Shipments. Along with rising fuel costs and insurance premiums, the trucking industry faces additional operating expenses as proposed new rules, aimed at securing cargo and guarding against terrorist threats, are expected by September 2003. Agricultural truckers could be especially hard hit because, among the Transportation Security Administration's (TSA) new truck security rules, securing shipments of food, poultry, and livestock feed will be a priority. Although significant progress has been made during the past year to enhance the security of food shipments and, reportedly, no U.S. food shipments have been targeted to date, food security remains a major concern. Whatever new truck security rules TSA proposes, one set of requirements may not be suitable for all trucking situations. For instance, a proposed rule requiring the locking of all truck trailers would not be suitable for securing grain shipments that move in open top hopper trucks or trailers. While recognizing the necessity and importance of transportation security, having to comply with upgraded security measures could be an expensive undertaking for agricultural and other truckers that operate on slim profit margins in order to remain competitive. Recently, a Texas trucking firm announced an \$8.00 "homeland security surcharge" beginning this month to help defray additional expenses brought on by delays and new security measures. John.Batson@usda.gov.

Report is prepared by Deen Olowolayemo, Hooshang Fazel, and Johnny Hill, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Support provided by Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments and questions to Surajudeen.Olowolayemo@usda.gov.

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The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision making and longer-term strategic planning for an effective and efficient U.S. grain logistics system.

Market Update: U.S. Origins to Export Position Price Spreads

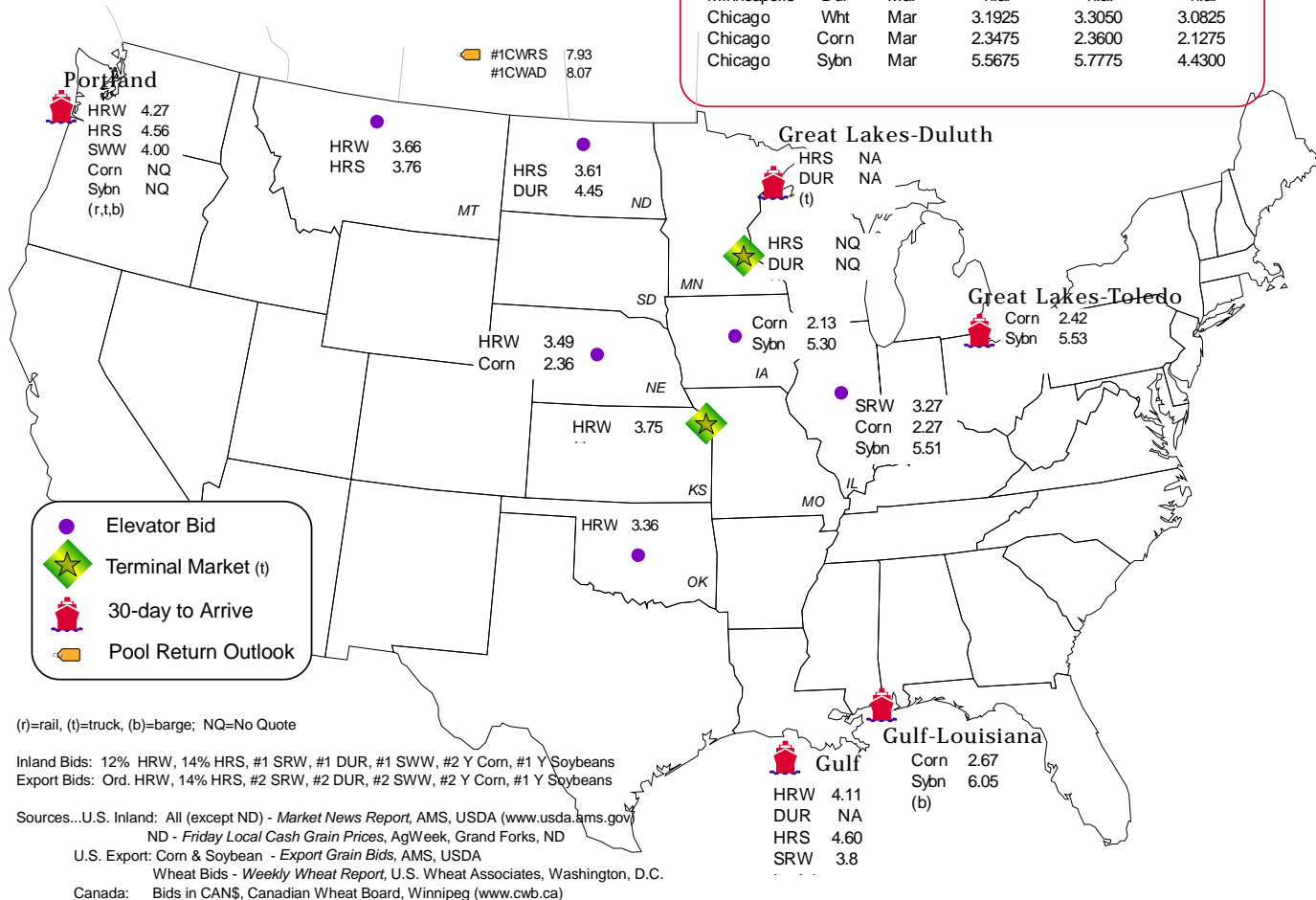
Per Bushel

Commodity	Origin--Destination	This week	Last week
Corn	IL -- Gulf	-0.40	-0.38
Corn	NE -- Gulf	-0.31	-0.29
Soybean	IA -- Gulf	-0.75	-2.26
HRW	KS -- Gulf	-0.36	-0.36
HRS	ND -- Portland	-0.99	-0.98

The **Grain Bid Summary** illustrates the market relationships for corn, soybeans, and five varieties of wheat among selected origins and destinations. Positive and negative adjustments in the differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used to monitor market and time differentials.

Grain Bid Summary

Futures:			01/10/2003	Week Ago 01/03/2003	Year Ago 01/11/2002
Kansas City	Wht	Mar	3.4525	3.6750	2.9300
Minneapolis	Wht	Mar	3.7550	3.8075	3.0725
Minneapolis	Dur	Mar	n.a.	n.a.	n.a.
Chicago	Wht	Mar	3.1925	3.3050	3.0825
Chicago	Corn	Mar	2.3475	2.3600	2.1275
Chicago	Sybn	Mar	5.5675	5.7775	4.4300



RAIL TRANSPORTATION

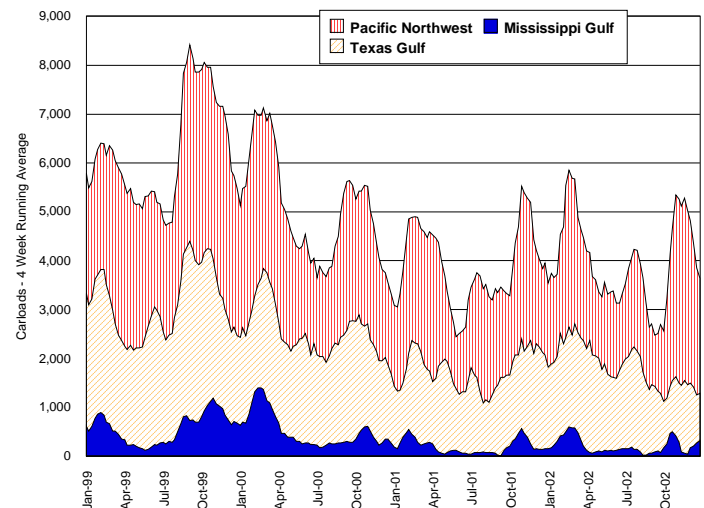
Rail Deliveries to Port

Carloads

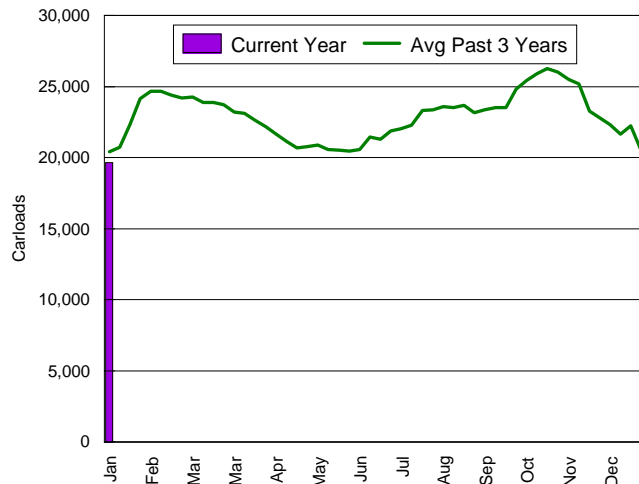
	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
12/25/02	190	985	2,025	635	3,835
01/02/03	194	1,179	2,372	715	4,460
YTD 2002	11,306	84,763	114,091	22,121	232,281
YTD 2001	10,272	83,067	112,513	27,321	233,173
% YTD 2001	110%	102%	101%	81%	100%
Total 2001	10,022	81,804	111,376	26,604	229,806
Total 2000	25,767	104,473	128,414	14,816	273,470

Source: Transportation & Marketing/AMS/USDA; (*) Incomplete Data

Rail Deliveries to Port



Grain Car Loadings for Class I Railroads



Railroads originate approximately 40% of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.

Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated and Grain Service Index

	East		West			U.S. Total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
01/04/03	2,646	2,642	6,606	639	6,226	18,759	3,385	2,299
This Week Last Year	2,477	2,914	6,927	443	5,478	18,239	3,812	2,947
2003 YTD	2,646	2,642	6,606	639	6,226	18,759	3,385	2,299
2002 YTD	2,477	2,914	6,927	443	5,478	18,239	3,812	2,947
% of Last Year	107%	91%	95%	144%	114%	103%	89%	78%
2002 Total	142,760	164,745	400,179	27,161	344,296	1,079,141	191,835	195,765

U.S. Rail Carrier Grain Service Index*

Dec-02	93.5	96.1	92.7	94.8	94.6	94.2
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Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online (available for Service) for Rail Carrier

Rail service may be ordered directly from the railroad via **Auction** for guaranteed service or tariff for non-guaranteed service, or through the secondary market. The **Secondary Rail Market** information reflects trade values for service that was originally purchased from the railroad carrier as some form of guaranteed freight. The auction and secondary rail values are indicators of rail service quality and demand/supply.

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jan-03	Feb-03	Mar-03
COT/N. Grain	\$0	no bid	no bid
COT/S. Grain	\$0	\$0	\$0
GCAS/Region 1	\$6	no offer	no offer
GCAS/Region 2	\$30	\$2	\$2

Source: Transportation & Marketing/AMS/USDA.

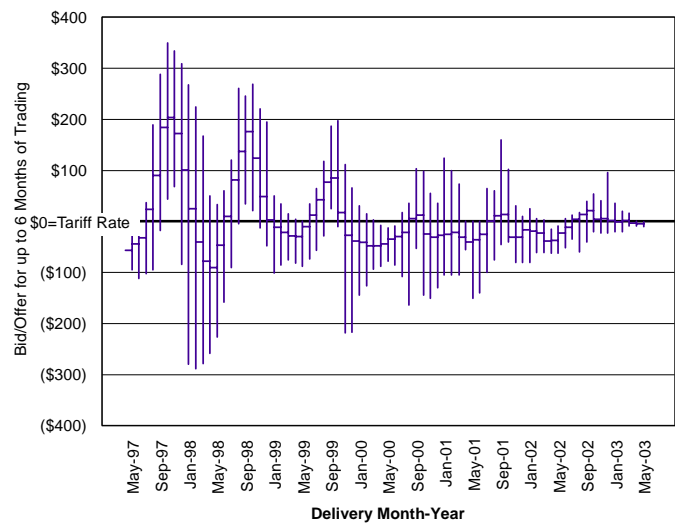
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jan-03	Feb-03	Mar-03	Apr-03
BNSF-GF	\$5	\$5	\$4	(\$18)
UP-Pool	\$0	\$6	(\$3)	(\$14)

Secondary Rail Market Bid



Tariff Rail Rates for Unit Train Shipments

January 2003

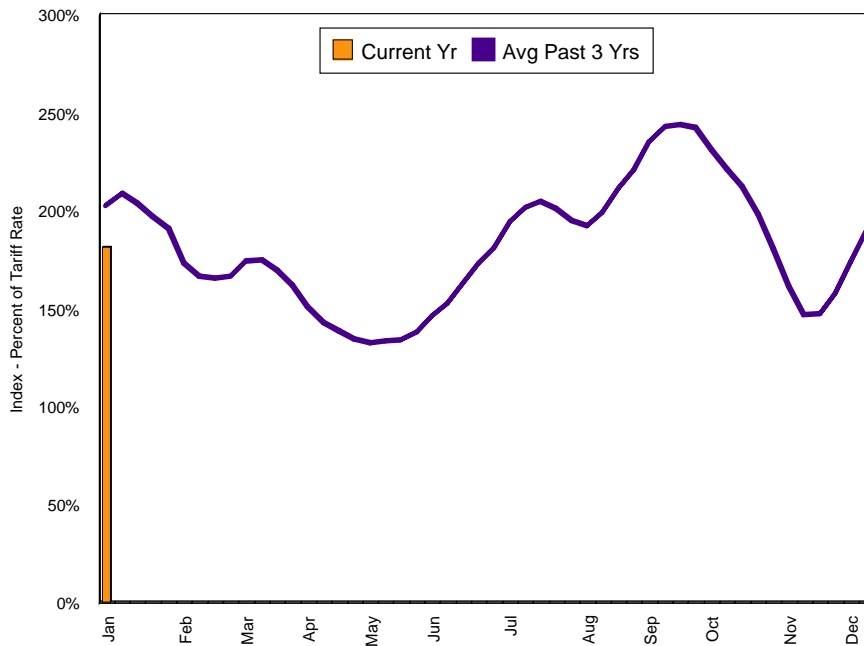
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
1/6/03	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
01/06/03	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
01/06/03	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
01/06/03	43586	Wheat	Kansas City, MO	Portland, OR	\$4,420	\$48.72	\$1.33
01/06/03	43581	Wheat	Omaha, NE	Portland, OR	\$4,005	\$44.15	\$1.20
01/06/03	31005	Corn	Minneapolis, MN	Portland, OR	\$3,050	\$33.62	\$0.85
01/06/03	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
01/06/03	31005	Corn	Omaha, NE	Portland, OR	\$2,850	\$31.42	\$0.80
01/06/03	61110	Soybean	Minneapolis, MN	Portland, OR	\$3,030	\$33.40	\$0.91
01/06/03	61110	Soybean	Omaha, NE	Portland, OR	\$2,780	\$30.64	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

BARGE TRANSPORTATION

Illinois River Barge Rate Index - Rate Quotes



The **Illinois River Barge Rate Index** averaged 183% of the Benchmark Tariff Rate between 1999 and 2001, based on weekly market quotes. The **Index**, along with **Rate Quotes** and **Futures Market** bids are indicators of grain transport supply and demand.

Calculating barge rate per ton:
 $\text{Index} \times 1976 \text{ Tariff Benchmark Rate per Ton}$

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map below.

BARGE RATE QUOTES: Southbound Barge Freight

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

	1/8/03	1/2/03	Feb. '03	Apr. '03
Twin Cities	nq	nq	nq	194
Mid-Mississippi	nq	nq	nq	167
Illinois River	160	160	200	158
St. Louis	136	136	140	134
Lower Ohio	133	128	136	134
Cairo-Memphis	120	118	123	126

Source: Transportation & Marketing /AMS/USDA; nq=no quote

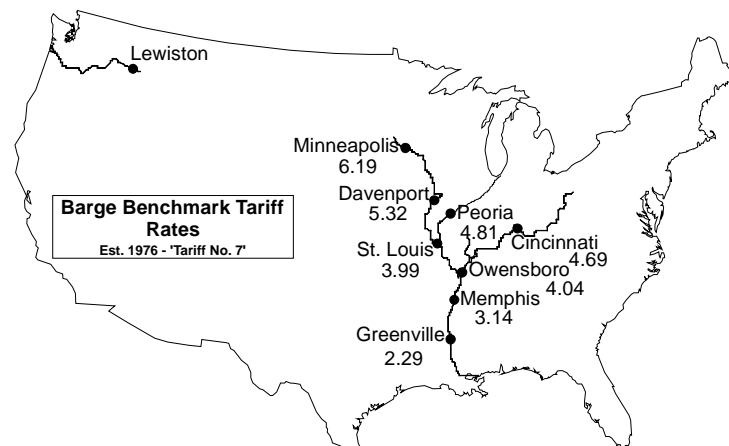
BARGE FUTURES MARKET

Southbound Barge Freight Nominal/Cash Basis Values

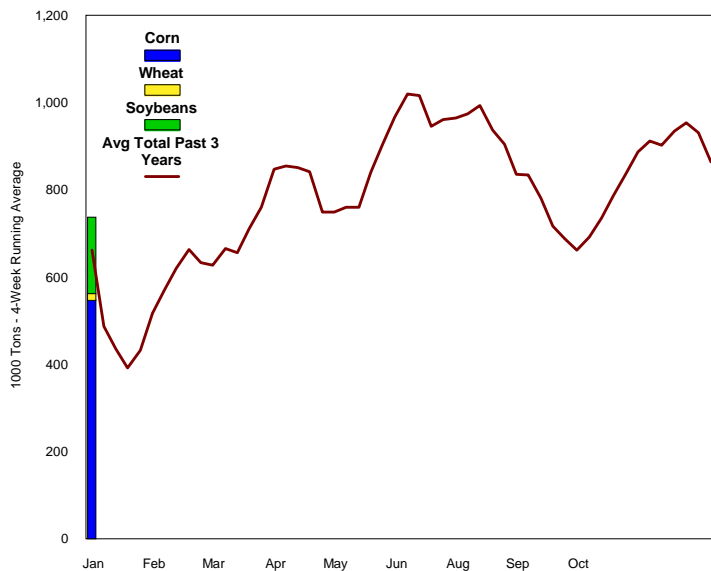
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
1/14/03	St. Louis	Feb	n/a	180
		Apr	n/a	145
		Jun	n/a	145
		Jul	n/a	150
	Illinois River	Aug	n/a	165
		Feb	n/a	210
		Apr	n/a	155
		Jun	n/a	155
		Jul	n/a	165
		Aug	n/a	180

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



Barge Grain Movements

for week ending 1/4/03

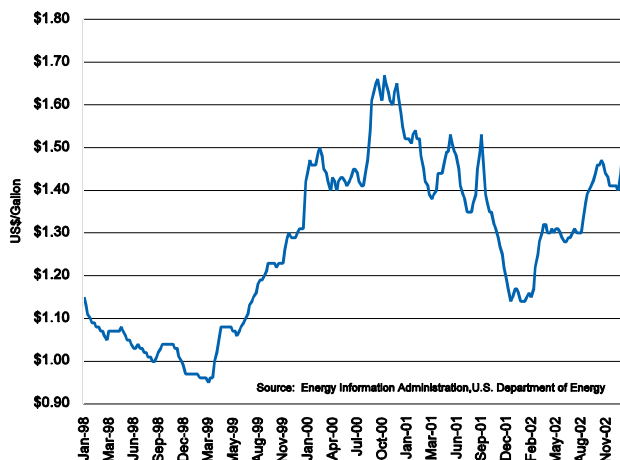
	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	367	3	140	518
Granite City, IL (L27)	367	8	121	512
Illinois River (L8)	352	6	122	480
Ohio River (L52)	25	5	46	88
Arkansas River (L1)	0	9	12	20
2003 YTD	391	21	179	620
2002 YTD	330	34	245	620
% of 2002 YTD	118%	62%	73%	100%
Total 2002	35,066	2,590	11,634	50,810

YTD and Calendar year total includes Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers.

TRUCK TRANSPORTATION

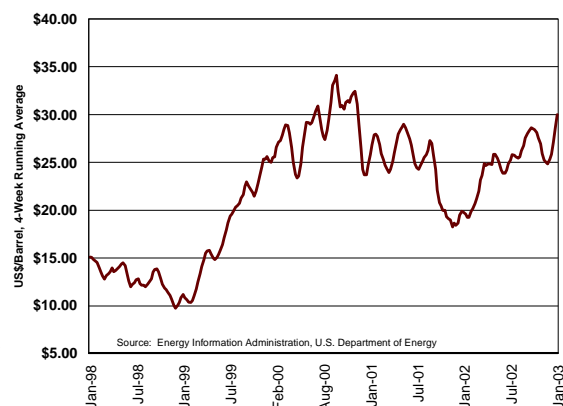
Weekly U.S. Retail Road Diesel Price



Source: Energy Information Administration, U.S. Department of Energy

The weekly **Diesel Price** provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for truck grain movements, accounting for 37% of the estimated variable cost. **Crude Oil Price** is an indicator in future diesel price trends.

Weekly Brent Crude Price, Friday Close



Source: Energy Information Administration, U.S. Department of Energy

Crude Oil Prices

US\$ per Barrel

	This Week	Last Week	
Light Sweet Crude (NYMEX)	31.27	30.00	↑
Brent Crude	31.66	29.67	↑

Source: www.eia.doe.gov; *U.S. Refiner Crude Acquisition Cost, Composite Domestic & Import

Note: Light Sweet Crude is exchanged on the New York Mercantile Exchange. North Sea oil has a "benchmark" role in crude oil pricing. Brent crude, a blend of North Sea oils, is traded on the International Petroleum Exchange in London

GRAIN EXPORTS

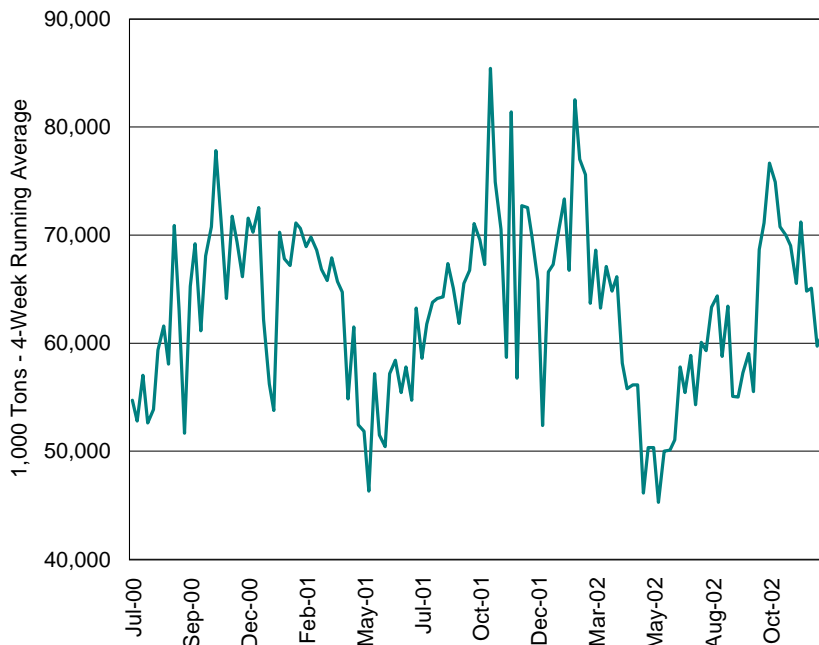
U.S. Export Balances (1,000 Metric Tons)

	HRW	SRW	HRS	Wheat SWW	DUR	All	Corn	Soybean	Total
<u>Unshipped Export Balances</u>									
01/02/03	1,027	585	1,161	535	123	3,430	6,125	8,057	17,612
This Week Year Ago	1,124	633	936	617	124	3,433	6,830	7,739	18,002
<u>Cumulative Exports-Crop Year</u>									
02/03 YTD	4,682	1,707	4,244	2,181	518	13,332	13,997	12,015	39,344
01/02 YTD	5,046	3,534	3,316	1,934	800	14,629	14,456	17,713	46,798
99/00 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
98/99 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942
97/98 Total	9,867	6,792	8,918	6,443	897	32,918	55,769	23,550	112,237

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>			<u>Port Region Total</u>		
	Wheat	Corn	Soybn	Wheat	Corn	Soybn	Wheat	Corn	Soybn	Pacific	Mississippi	Texas
01/09/03	194	135	97	174	564	760	109	6	0	426	1,497	115
2003 YTD	194	135	97	174	564	760	109	6	0	426	1,497	115
2002 YTD	177	114	49	39	668	760	212	0	110	340	1,466	322
% of 2002												
YTD	110%	118%	199%	449%	84%	100%	51%	ERR	0%	125%	102%	36%
2002 Total	10,007	5,877	1,647	6,829	34,991	17,996	6,984	470	1,008	17,530	59,816	8,462

Source: Federal Grain Inspection Service YTD-Year-to-Date

U.S. Grain Inspected for Export**Select Canadian Port Export Inspections**

1,000 Metric Tons, Week End Summary

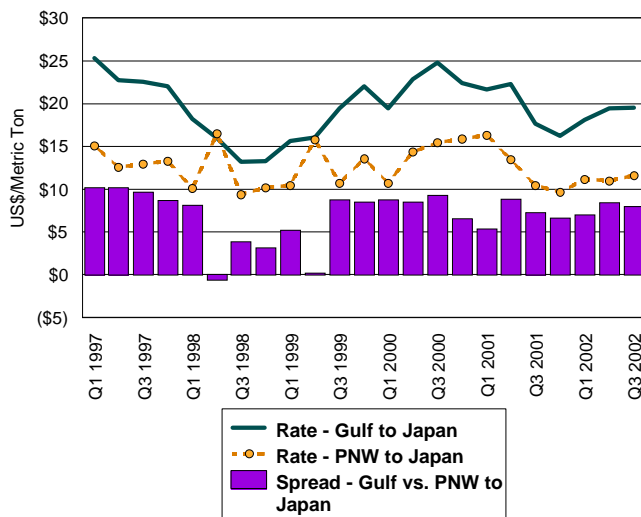
01/02/2003	Wheat	Durum	Barley
Vancouver			
Prince Rupert	93	2	
Prairie Direct	1	8	2
Thunder Bay			1
St. Lawrence	2,377	1,356	184
2001/02 YTD	6,337	1,443	502
2002/03 YTD	2,471	1,367	187
% of Last Year	256%	106%	269%

Source: Canadian Grains Commission, Crop Year 8/1- 7/31

Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
01/02/03	40	46	68	7	1
01/09/03	35	50	80	3	1
2001 Range	(13..65)	(28..64)	(46..81)	(1..18)	(4..20)
2001 Avg	36	48	63	9	12

Source: Transportation & Marketing /AMS/ USDA

**Gulf Port Region Grain Vessel Loading
Past 7 Days****Grain Vessel Rates to Japan****Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton

	2002 3 rd Qtr	2001 3 rd Qtr	% Change		2002 3 rd Qtr	2001 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.54	\$17.69	9%	Japan	\$11.57	\$11.46	10%
Mexico	\$7.14	-	-				
Venezuela	-	\$13.45	-				
N. Europe	-	\$12.06	-				
N. Africa	\$31.64	\$18.21	42%	Argentina to			
Med. Sea	\$11.92	\$12.05	-1%	Med. Sea	\$19.93	-	-
Black Sea	-	-	-	N. Europe	-	\$16.22	-
				Japan	-	\$29.40	-

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates for Selected Shipments - week ending 1/11/03

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
U.S. Gulf	China	Heavy Grain	Jan 27/ Feb 5	55,000	\$25.75
PNW	Bin Qasim, Pakistan	Wheat	Jan 15/25	30,000	\$41.98*

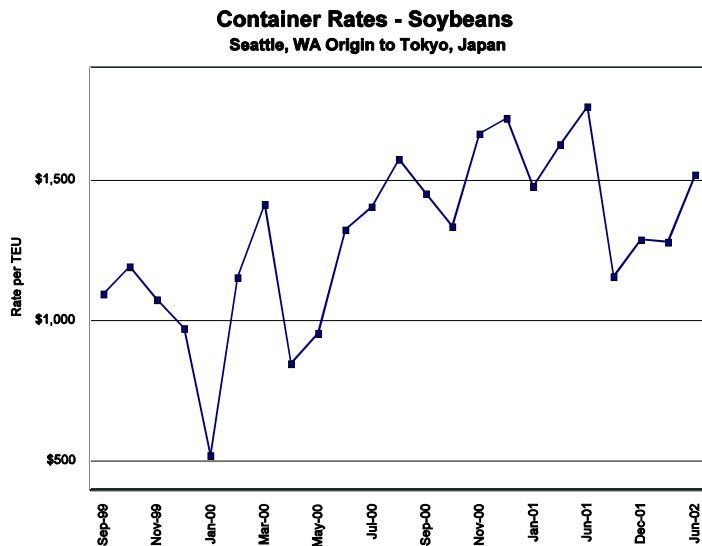
Source: Maritime Research Inc.; rates shown are for metric ton (2,204.62 lbs.=one metric ton), F.O.B., except where otherwise indicated; op=option

*Most food aid from the United States is required to be shipped on U.S. flag vessels. The vessels are of limited availability resulting in higher rates. In addition, destinations receiving food aid generally lack adequate port unloading facilities, requiring the vessel to remain in port for a longer duration than normal. Lastly, the loading and unloading of bagged commodities are generally more labor intensive than bulk shipments, which also contributes to the additional cost.

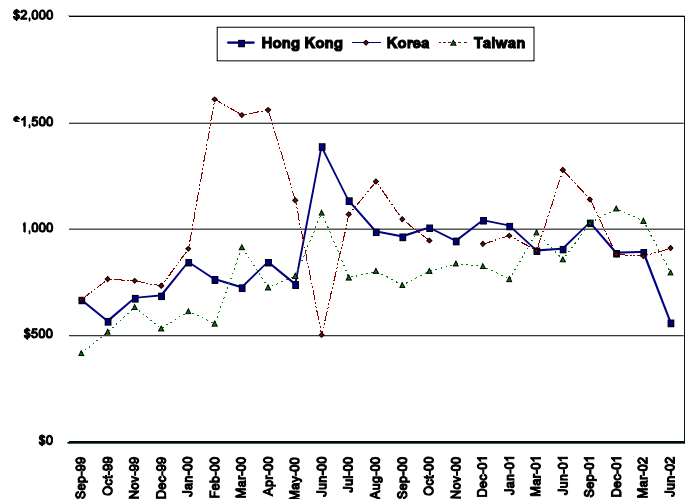
CONTAINER

Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share
Source: Transportation & Marketing/AMS/USDA



Container Rates - Feed Grain
Seattle, WA Origin to Selected Destinations



Approximately 420,000 MT of grain and oilseed exports were marketed via container in 2001. This volume increased 26% compared to 1997.